

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 5/10/2016	(3) CONTACT/PHONE Mladen Bandov, Water Resources Engineer (805) 781-5116	
(4) SUBJECT Request to: 1) approve the Memorandum of Agreement (MOA) for Integrated Regional Water Management (IRWM) Planning and Funding in the State of California Department of Water Resources (DWR) Central Coast Funding Area (CCFA), acting as the Lead Agency for the San Luis Obispo County Regional Water Management Group (RWMG); 2) authorize the Director of Public Works to execute the MOA; and 3) designate the Director of Public Works, or his designee, as the individuals authorized to coordinate with IRWM Regions in the CCFA. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District): <ol style="list-style-type: none"> 1. Approve the Memorandum of Agreement (MOA) for Integrated Regional Water Management (IRWM) Planning and Funding in the State of California Department of Water Resources (DWR) Central Coast Funding Area (CCFA), acting as the Lead Agency for the San Luis Obispo County Regional Water Management Group (RWMG); 2. Authorize the Director of Public Works to execute the MOA; and 3. Designate the Director of Public Works, or his designee, as the individuals authorized to coordinate with IRWM Regions in the CCFA. 			
(6) FUNDING SOURCE(S) Flood Control and Water Conservation District (Fund 1300000000)	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 12/2/14, #18; 6/17/14, #46	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) All Districts			

Reference: 16MAY10-C-6

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Mladen Bandov, Water Resources Engineer

Courtney Howard, Water Resources Division Manager

VIA: Mark Hutchinson, Deputy Director of Public Works

DATE: 5/10/2016

SUBJECT: Request to: 1) approve the Memorandum of Agreement (MOA) for Integrated Regional Water Management (IRWM) Planning and Funding in the State of California Department of Water Resources (DWR) Central Coast Funding Area (CCFA), acting as the Lead Agency for the San Luis Obispo County Regional Water Management Group (RWMG); 2) authorize the Director of Public Works to execute the MOA; and 3) designate the Director of Public Works, or his designee, as the individuals authorized to coordinate with IRWM Regions in the CCFA. All Districts.

RECOMMENDATION

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District):

1. Approve the Memorandum of Agreement (MOA) for Integrated Regional Water Management (IRWM) Planning and Funding in the State of California Department of Water Resources (DWR) Central Coast Funding Area (CCFA), acting as the Lead Agency for the San Luis Obispo County Regional Water Management Group (RWMG);
2. Authorize the Director of Public Works to execute the MOA; and
3. Designate the Director of Public Works, or his designee, as the individuals authorized to coordinate with IRWM Regions in the CCFA.

DISCUSSION

On November 4, 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, which authorized among other funding the appropriation of \$510 million in Integrated Regional Water Management (IRWM) funding for implementation, planning, and Disadvantaged Community (DAC) involvement efforts.

The Proposition 1 IRWM Grant Program, administered by the State of California Department of Water Resources (DWR), provides funding for projects that help meet the long term water needs of the State, including:

- To help water infrastructure systems adapt to climate change, including, but not limited to, sea level rise;
- To provide incentives for water agencies throughout each watershed to collaborate in managing the region's water resources and setting regional priorities for water infrastructure; and
- To improve regional water self-reliance through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects, and improved regional coordination of water supply efforts.

Guidelines and funding opportunities in the Proposition 1 IRWM Grant Program are available online at <http://www.water.ca.gov/irwm/grants/prop1index.cfm>

San Luis Obispo County IRWM Region

To participate in IRWM grant program opportunities, a region must adopt an IRWM Plan and establish a Regional Water Management Group¹ (RWMG). On April 21, 2009, the Board approved a Memorandum of Understanding (MOU) on behalf of both the County and District and, together with other local agencies and organizations, formed the RWMG for the San Luis Obispo County IRWM Region. Subsequently, the Board approved a revised MOU on November 6, 2012 to meet requirements for the State's new IRWM guidelines and in advance of adopting the 2014 IRWM Plan. The current membership of the RWMG is comprised of a total of 23 signatories (Attachment "1").

The MOU, in conjunction with the current IRWM Plan, sets forth the governance structure for the participants of the local IRWM program. RWMG members, which includes the District, contribute and participate in IRWM Plan development and implementation. The District also acts as the Lead Agency for the RWMG.

As part of the decision making process described in the MOU, the RWMG develops IRWM program materials and makes recommendations to the Lead Agency at key decision points of the IRWM program. The RWMG also updates the Water Resource Advisory Committee (WRAC) and seeks support of recommendations at key decision points. The WRAC provides a forum for public meetings and reviews/comments on RWMG recommendations to the District's Board of Supervisors.

The District as Lead Agency is ultimately responsible for IRWM Plan development and implementation. Per the MOU, the District's Board of Supervisors may approve, alter, or return any recommendations of the RWMG. If the Board intends to alter an item or proposition approved by the RWMG, the Board must set forth in writing its finding and hold a public hearing. The RWMG members have the right to appear and address the Board.

Central Coast Funding Area

The San Luis Obispo County IRWM Region is one of six IRWM regions within the Central Coast Funding Area (CCFA) (Attachment "2"). The CCFA includes all of Santa Cruz, Monterey, San Luis

¹ "Regional Water Management Group – or RWMG means a group in which three or more local agencies, at least two of which have a statutory authority over water supply or water management, as well as those persons who may be necessary for the development and implementation of an IRWM Plan that meets the requirements in Water Code §10540 and §10541."

Obispo and Santa Barbara Counties and parts of San Mateo, Santa Clara, San Benito, and Ventura Counties.

The six IRWM Regions within the CCFA that have been accepted through the State's IRWM Region Acceptance Process and all of which have adopted IRWM Plans, include the following:

- Santa Cruz County
- Pajaro River Watershed
- Greater Monterey County
- Monterey Peninsula, Carmel Bay, and South Monterey Bay
- San Luis Obispo County
- Santa Barbara County

The RWMG for each region is responsible for the development and implementation of the region's IRWM Plan. It is important to note that the governance structure for each IRWM region varies and the lead agency, grant applicant, or responsible agency on behalf of the RWMG may change for any given grant cycle.

Proposition 1 IRWM Grant Program

For the Proposition 1 IRWM Grant Program, DWR will administer three separate programs that have their own specific requirements and selection process. The funding opportunities include the following programs:

- **Disadvantaged Community (DAC) Involvement Program** – non-competitive funds for the purpose of ensuring the involvement of DAC, economically distressed areas (EDA), and underrepresented communities (collectively referred to as DACs) with regions
- **Planning Grants Program** – competitive funds to support the development of new IRWM Plans (\$500,000 maximum per IRWM Region) or to update or improve existing IRWM Plans (\$250,000 maximum per IRWM Region)
- **Implementation Grant Program** – competitive funds awarded for implementation programs and projects, including a minimum of 10% of the total CCFA allocation to projects that directly benefit DACs

A total of \$43,000,000 has been allocated to the CCFA through the Proposition 1 IRWM Grant Program. This allocation includes the following breakdown:

Program Administration Fee (includes DWR fees and statewide bond costs)	\$ 3,010,000
Disadvantaged Community (DAC) Involvement (minimum 10% of CCFA total)	4,300,000
DAC Project Implementation (minimum 10% of CCFA total)	4,300,000
Planning and Implementation	31,390,000
Total CCFA Allocation	\$ 43,000,000

CCFA Memorandum of Agreement

Representatives from the IRWM Regions within the CCFA discussed sharing funding during Proposition 50 and Proposition 84 grant programs but were unable to come to a consensus. The discussions focused on the expense of developing competitive grant applications and the uncertainty about whether each region's grant application would be successful in receiving grant funding. The discussions continued in anticipation of the Proposition 1 IRWM Grant Program with the primary intent to come to agreement on an equitable approach among the six Regions to pursuing available funding prior to the start of the grant program.

On September 2, 2015, the San Luis Obispo County RWMG approved a recommendation that the District pursue CCFA coordination and negotiate on their behalf to accept the highest amount mutually agreeable by the IRWM Regions. A Memorandum of Agreement (MOA) was developed by the six Regions (Attachment "3") based on the following equity formula:

- **Equal Split:** one-half (1/2) of funds are equally split among the six regions
- **Population:** one-quarter (1/4) of funds are split based on percentage of population within each region
- **Area:** one-quarter (1/4) of funds are split based on percentage of area in square miles of each region

The summary of funds each IRWM Region would pursue per the MOA is as follows:

IRWM Region	Total Funds Available for Each Region	DAC Involvement and Projects (minimum)	Planning and Implementation Projects
Santa Cruz	\$5,160,615	\$1,109,810	\$4,050,805
Pajaro River Watershed	6,231,497	1,340,107	4,891,390
Greater Monterey	8,253,910	1,775,034	6,478,875
Monterey Peninsula	4,333,643	931,966	3,401,677
San Luis Obispo	7,963,912	1,712,669	6,251,243
Santa Barbara	8,046,424	1,730,414	6,316,010
CCFA Total	\$39,990,000	\$8,600,000	\$31,390,000

The responsibility for abiding by the terms and allocations of the MOA agreement remains with all six IRWM regions. If the Board approves the MOA and each region's representative executes it, close coordination between all regions will be necessary in order to ensure that no region requests more than their allocation and that the sum of the total grant requests from the regions does not exceed the amount allocated to the entire CCFA. Because uncertainties exist, there is a provision in the agreement that allows withdrawal upon timely notification.

OTHER AGENCY INVOLVEMENT/IMPACT

The State Department of Water Resources is the agency responsible for managing the State IRWM Program. Since this agreement is between the IRWM regions within the Central Coast and DWR is not a party to the agreement, DWR will have no role in ensuring compliance with the agreement, if signed, and will not be bound by the funding allocation.

On April 6, 2016, the WRAC approved a motion to recommend that the District's Board of Supervisors as the RWMG Lead Agency execute the MOA as the "Responsible Agency."

District staff notified the RWMG member agencies and organizations of the recommendation being taken to the Board for action and provided an opportunity for submittal of written comments.

County Counsel has reviewed and approved the MOA as to legal form and effect.

FINANCIAL CONSIDERATIONS

The San Luis Obispo County IRWM region would pursue \$7,963,912 of the \$39,990,000 funding through the Proposition 1 IRWM Grant Program with no competition if the MOA is executed and successfully implemented.

Any future grant proposals and grant agreements will come to the Board for approval as a recommendation from the RWMG. The Proposition 1 IRWM Grant Program requires a minimum local cost share of 50% of the total costs of a given proposal. Local cost share may include, but is not limited to, federal funds, local funding, or donated services from non-State sources. The local cost-sharing requirement may be waived or reduced for projects that directly benefit a DAC or EDA.

Costs of serving as the Lead Agency for the San Luis Obispo County IRWM Region are included in the approved Fiscal Year 2015-16 Flood Control General budget.

RESULTS

Approving the MOA as the Lead Agency for the San Luis Obispo County RWMG, authorizing the Director of Public Works to execute the MOA, and designating the Director of Public Works and his designees as the individuals authorized to coordinate with IRWM Regions in the CCFA will facilitate grant application development and reduce uncertainty of receiving grant awards for any future grant solicitation, thereby contributing to a safe, healthy, livable, prosperous and well-governed community.

ATTACHMENTS

1. Memorandum of Understanding Signatories for San Luis Obispo County IRWM Region
2. California Water Plan Update 2103 Figure CC-29 Regional Water Management Groups in the Central Coast Hydrologic Region
3. Memorandum of Agreement for Integrated Regional Water Management Planning and Funding in the Central Coast Funding Area
4. Letter of Support from Oceano Community Services District

File: 900.47.01

Reference: 16MAY10-C-6

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